MEDICAL BOARD OF CALIFORNIA
BACKGROUND INFORMATION AND OVERVIEW OF THE CURRENT REGULATORY PROGRAM
As of November 2026

Section 2 – Fiscal and Staff

Fiscal Issues

1. Is the board's fund continuously appropriated? If yes, please cite the statute outlining this continuous appropriation.

The Board's fund is not continuously appropriated. The Board's appropriation is part of
the Budget Act.

2. Using *Table 2.* ***Fund Condition****,* describe the board's current reserve level, spending, and if a statutory reserve level exists.

The Board began the current fiscal year (FY) in a debt-free financial position with a $28.9 million fund balance and 3.8 months in reserve. Pursuant to Business and Professions Code (BPC) section 2435(g), the Board's statutory reserve shall not exceed six months.

The Board experienced substantial revenue growth from FY 2022-23 through FY 2025-26. Total revenue increased from $69.7 million to $96.7 million . Total revenue substantially outpaced expenditures and expenditure adjustments since the Board's last fee increase effective January 1, 2024.

Board operating costs increase annually, largely due to factors outside the Board's control. Several factors impacting the Board's fund include Attorney General (AG) hourly rate increases, salary and benefit increases for Peace Officer classifications, including investigators with the Department of Consumer Affairs (DCA), Division of Investigation, Health Quality and Investigation Unit (HQIU), who provide investigative services to the Board, pro rata charges required by DCA, general salary and benefit increases to Board and DCA staff, and enforcement and civil case volume. However, the Board focused on efficiency initiatives to reduce controllable costs and improve sustainability, such as the licensing unit's paperless renewal process.

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Table 2. Fund Condition (list dollars in thousands)						
(Dollars in Thousands)	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27**	FY 2027-28**
Beginning Balance[1]	$6,669	$12,534	$12,488	$13,255	$28,856	$36,142
Total Revenue	$69,729	$77,691	$90,660	$96,667	$97,683	$103,079
Loans from DCA funds per Control Section 14.00*	$8,000	$6,000	$0	$0	$0	$0
Loans repaid to DCA Funds per Control Section 14.00*	$0	-$10,000	-$14,000	$0	$0	$0
Loans to General Fund	$0	$0	$0	$0	$0	$0
Loans Repaid to General Fund	$0	$0	$0	$0	$0	$0
Transfers to General Fund***	$0	$0	$0	$0	$0	$0
Total Resources (Revenue, Transfers and Other Adjustments)	$84,398	$86,225	$89,148	$109,922	$126,539	$139,221
Budget Authority	$76,325	$80,171	$85,071	$84,363	$83,835	$86,350
Program Expenditures (State Operations)[2]	$66,178	$68,534	$70,294	$75,175	$83,835	$86,350
Supplemental Pension Payments (State Operations)	$685	$685	$189	$0	$0	$0
Statewide General Administrative Expenditures (Pro Rata) (State Operations)	$4,929	$4,432	$4,865	$5,891	$6,562	$6,562
Total Expenditures and Expenditure Adjustments	$71,792	$73,651	$75,348	$81,066	$90,397	$92,912
Fund Balance	$12,606	$12,574	$13,800	$28,856	$36,142	$46,309
Months in Reserve	2.1	2.0	2.0	3.8	4.7	5.8

[1]*Actuals include prior year adjustments.*
[2]*Expenditures include reimbursements and direct draws to the fund.*
**Loans received and repaid from DCA funds per Control Section 14.00.*
***Include second fee increase pursuant to Senate Bill (SB) 815 effective 1/1/2027.*
***Estimate*

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3. Describe if/when a deficit is projected to occur and if/when a fee increase or reduction is anticipated. Describe the fee changes (increases or decreases) anticipated by the board.

Current fund condition estimates reflect 4.7 months in reserve in 2025-26 and 5.8 months in reserve in 2026-27. A deficit is not anticipated, as months in reserve are projected to increase over the next two fiscal years. Further, revenue at the Board's current fee structure indicates the Board will remain solvent through at least 2027-28. The Board is proposing to increase the limitation on its reserved, pursuant to BPC section 2435(g), from a maximum of six months' operating budget to 24 months' operating budget. For more information, see p. XXX of Section 10, New Issues.

The Board anticipates a fee increase effective January 1, 2027, pursuant to SB 815.
Penalty fees will increase from $575.50 to $627.50, initial licensing fees will increase from $1,151 to $1,255, and delinquency fees from $115.10 to $125.50.

Projected revenue growth from this fee increase is reflected in half of 2026-27 and all of 2027-28 of Table 2.

4. Using *Table 2, **Fund Condition***, describe year over year expenditure fluctuations and the cause for the fluctuations.

Yearly program expenditures from state operations in Table 2 reflect modest growth at 3.6% and 2.6% from 2022-23 to 2024-25. Conversely, 2025-26 reflects a 7.0% increase. This is due to multiple factors, including compensation and benefit increases, large lump sum payouts, and enforcement costs. Additionally, the Board completed a partial fleet replacement to support probation field operations, and a Board-wide computer equipment refresh.

Separate from program operations, the Board repaid a $10 million dollar loan in 2023-24 and two loans totaling $14 million dollars in 2024-25. All three were Control Section (CS) 14.00 loans from the Bureau of Automotive Repair (BAR).

5. Using *Table 3, **Expenditures by Program Component**,* describe the amounts and percentages of expenditures by program component, including the cause of fluctuations aside from increasing personnel costs. Provide a breakdown of the expenditures by the board in each program area. Expenditures by each component (except for pro rata) should be broken out by personnel expenditures and other expenditures.

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Table 3 below indicates the amount of expenditures in each of the Board's programs. In addition, the Budget Distribution chart, which is in the Board's Annual Report, published yearly, reflects the budgeted (not actual) expenditures and percentage in each of the Board's Programs (including pro rata) for 2025-26. The Enforcement Program (including the AG, the Office of Administrative Hearings (OAH), HQIU, and Probation Monitoring) makes up approximately 76 percent of the Board's overall expenditures. The Licensing Program accounts for approximately 13 percent of the Board's expenditures, while the ISB accounts for approximately six percent. The Executive and Administrative Programs make up the remaining five percent of the Board's overall expenditures.

Aside from increases to personnel costs, enforcement operating expenses and equipment (OE&E) is a primary driver for overall expenditure growth over the last four fiscal years, as seen in Table 3. HQIU and AG account for most of the Board's enforcement OE&E costs.

Table 3. Expenditures by Program Component (list dollars in thousands)

	FY 2022-23		FY 2023-24		FY 2024-25		FY 2025-26	
	Personnel Services	OE&E	Personnel Services	OE&E	Personnel Services	OE&E	Personnel Services	OE&E
Enforcement	$8,392	$44,313	$9,102	$46,554	$10,135	$48,430	$11,126	$51,172
Examination	$0	$0	$0	$0	$0	$0	$0	$0
Licensing	$5,515	$1,241	$6,015	$1,332	$6,115	$1,515	$6,713	$1,307
Administration[1]	$5,177	$1,120	$5,302	$1,128	$5,083	$1,205	$5,572	$1,040
DCA Pro Rata	$0	$5,118	$0	$5,393	$0	$5,776	$0	$5,869
Diversion (if applicable)								
TOTALS	$19,084	$51,792	$20,419	$54,407	$21,333	$56,926	$23,411	$59,388

[1]Administration includes costs for executive staff, board, administrative support, and fiscal services.

6. Describe the amount the board has spent on business modernization, including contributions to the BreEZe program, which should be described separately.

The BreEZe program was approved in 2009 and was intended to address legacy systems deficiencies. The Board was one of ten DCA boards and bureaus scheduled for Release 1 of BreEZe in October 2013. The actual costs incurred by the Board from 2021-22 through 2025-26 total almost $3 million and are

inclusive of vendor costs, DCA staff, and other related costs. The Board anticipates project costs of $634,000 in 2026-27. A summary of actual expenditures and projected future costs can be found in the table below. It is important to note that these costs do not capture the numerous Board staff hours spent on the project.

BreEZe Program Costs

FY 21/22 Actual	FY 22/23 Actual	FY 23/24 Actual	FY 24/25 Actual	FY 25/26 Actual	FY 26/27 Estimate
$680,310	$550,000	$511,000	$564,000	$631,000	$634,000

7. Describe license renewal cycles and the history of fee changes over the last 10 years. Give the fee authority (Business and Professions Code and California Code of Regulations citations) for each fee charged by the board.

The Board's main source of revenue is from the physician's renewal fees, as shown below in Table 4. Renewal fees accounted for 87 percent of the Board's total fee revenue over the past four fiscal years.

Due to solvency issues, the Board received a two-step fee increase for initial licensure, renewal, delinquent, and penalty fees effective January 1, 2024, and January 1, 2027, pursuant to SB 815. Further, SB 815 transferred the Research Psychoanalyst program from the Board to the California Board of Psychology effective January 1, 2025. Consequently, Research Psychoanalyst program fees are no longer collected by the Board and are reflected in the table below:

Name	Prior Fee +1 7/1/2009	Prior Fee 1/1/2022	Current Fee 1/1/2024	Fees 1/1/2027
Penalty Fee - Physician & Surgeon	$ 391.50	$ 431.50	$ 575.50	$ 627.50
Penalty Fee - Special Faculty Permit	$ 391.50	$ 431.50	$ 575.50	$ 627.50
Registration - Research Psychoanalyst	$ 100.00	$ 150.00	Collected by CBP	Collected by CBP
Fictitious Name Permit	$ 50.00	$ 70.00	$ 70.00	$ 70.00
Application Processing Fee	$ 442.00	$ 625.00	$ 625.00	$ 625.00
Postgraduate Training License Application Fee	$ 442.00	$ 625.00	$ 625.00	$ 625.00

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Initial License Fee - Physicians & Surgeons	$ 783.00	$ 863.00	$ 1151.00	$ 1255.00
Initial License Fee - Special Faculty Permit	$ 783.00	$ 863.00	$ 1151.00	$ 1255.00
1/2 Initial License Fee - Physicians & Surgeons	$ 391.50	$ 431.50	$ 575.50	$ 627.50
Special Faculty Permit - Application Fee	$ 442.00	$ 625.00	$ 625.00	$ 625.00
Duplicate Fictitious Name Permit	$ 30.00	$ 40.00	$ 40.00	$ 40.00
Biennial Renewal - Research Psychoanalyst	$ 50.00	$ 75.00	Collected by CBP	Collected by CBP
Fictitious Name Renewal	Variable	$ 50.00	$ 50.00	$ 50.00
Biennial Renewal - Physicians & Surgeons	$ 783.00	$ 863.00	$ 1151.00	$ 1255.00
Biennial Renewal - Special Faculty Permit	$ 783.00	$ 863.00	$ 1151.00	$ 1255.00
Delinquent Fee - Physician & Surgeon	$ 78.00	$ 86.30	$ 115.10	$125.50
Delinquent Fee - Special Faculty Permit	$ 78.00	$ 86.30	$ 115.10	$ 125.50

Effective January 1, 2022, all Board application, initial licensure, and renewal fees were increased, pursuant to SB 806. Despite the fee increase, the Board experienced minimal revenue growth and significant expenditure increases. The Board required multiple CS loans to ensure solvency at this time.

Prior to that, the Board's physician's and surgeon's initial licensure and renewal fees were increased effective January 1, 2006, from $600 to $790, its first increase since 1994, to support the VE/Prosecution model.

Effective January 1, 2007, the physician's initial licensure and renewal fees were increased by $15 to $805 based upon the average amount of cost recovery that the Board had received in the prior three fiscal years that would no longer be received by the Board. Effective July 1, 2009, the physician's initial licensure and renewal fees were decreased by $22 to $783, a reduction mandated because of the elimination of the Board's Diversion Program on July 1, 2008.

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Table 4. Fee Schedule and Revenue (list revenue dollars in thousands)							
Fee	Current Fee Amount	Statutory Limit	FY 22-23 Revenue	FY 23-24 Revenue	FY 24-25 Revenue	FY 25-26 Revenue	% of Total Revenue
Application Fee (BPC 2435) (PS & PTL)	$625.00	$625.00	$5,372	$5,012	$4,989	$5,369	6%
Initial License Fee (BPC 2435)	$1,151.00	$1,151.00	$2,717	$3,138	$3,417	$3,751	4%
Initial License Fee (Reduced) (BPC 2435)	$575.50	$575.50	$3,105	$2,248	$2,059	$2,384	3%
Biennial Renewal Fee (BPC 2435)	$1,151.00	$1,151.00	$56,572	$64,605	$76,851	$81,486	87%

8. Describe Budget Change Proposals (BCPs) submitted by the board in the past four fiscal years.

The Board must have sufficient staff and related resources to meet its mission of consumer protection. During the past four fiscal years, since the prior sunset review, the Board sought legislative approval of three BCPs to provide additional necessary expenditure and position authority.

Table 5 provides information on the requested data and the specifics for each BCP submitted (links included) in the last two fiscal years.

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Table 5. Budget Change Proposals (BCPs)								
			Personnel Services				OE&E	
BCP ID #	Fiscal Year	Description of Purpose of BCP	# Staff Requested (include classification)	# Staff Approved (include classification)	$ Requested	$ Approved	$ Requested	$ Approved
1111-021-BCP-2023-GB	23-24	Establish a two-year limited term increase in expenditure authority to support the ongoing evaluation of the Licensed Physicians from Mexico Pilot Program, including evaluation by UC Davis.	0	0	$0	$0	Authority Increase: 23-24: $223 24-25: $299	Authority Increase: 23-24: $223 24-25: $299
1111-XXX-BCP-2024-MR	24-25	Chapter 294, Statues of 2023 (SB 815)	Analyst II: 8 Supervisor I: 1	Analyst II: 8 Supervisor I: 1	24-25: $1,212 Ongoing: $1,212	24-25: $1,212 Ongoing: $1,212	24-25: $297 Ongoing: $225	24-25: $297 Ongoing: $225
1111-052-BCP-2025-GB	25-26	Increase expenditure authority to increase hourly compensation rates for Neurosurgery, Orthopedic Surgery, and Pain Medicine expert Reviewers	0	0	$0	$0	Authority Increase: 25-26: $399 Ongoing: $399	Authority Increase: 25-26: $399 Ongoing: $399

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Staffing Issues

9. Describe any board staffing issues/challenges, i.e., vacancy rates, efforts to reclassify positions, staff turnover, recruitment and retention efforts, succession planning.

Vacancy Rates

The Board continues its efforts to recruit and retain employees in each of its programs. At the end of fiscal year 2022-23, the Board's vacancy rate was 20.07 percent. As of August 31, 2026, the Board's vacancy rate is 8.42 percent, which equates to 15.5 vacant positions. The Board continues to advertise its vacant positions, schedule interviews and process hiring packages as quickly as possible. The Board offers training and assistance to staff on completing applications and statements of qualification and offers mock interviews to increase the retention of current employees seeking to change positions within the Board or to promote internally.

Reclassification Efforts

As operational needs evolve, the Board collaborates with DCA's Office of Human Resources to reclassify positions, ensuring resources are used effectively to support Licensing and Enforcement operations and advance the Board's mission, objectives, and goals.

Supervisors and managers are encouraged to review their staff's duties annually and, when appropriate, reclassify positions based on business needs. In recent years, the Board has reclassified several positions to improve efficiency and address the increasing complexity of assignments, levels of responsibility, potential impacts, and the need for staff oversight and professional development. These efforts have helped the Board adapt to changes driven by legislation, evolving business processes, and operational requirements. As a result, the Board is better equipped to fulfill its mission of protecting consumers.

Succession Planning

The Board maintains policy and procedure manuals to support effective succession planning. When possible, outgoing employees provide training to incoming staff to ensure a smooth transfer of knowledge. The Board maximizes its available resources to ensure new employees receive the training necessary to succeed in their roles.

The Board recognizes that successful succession planning relies on developing staff for future leadership roles by strengthening their knowledge, skills, and abilities. Individual Development Plans are used to establish achievable goals, assess job related strengths, and support employees in reaching their career

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objectives, ultimately enhancing both employee performance and overall organizational effectiveness.

10. Describe the board's staff development efforts and total spent annually on staff development. (cf., Section 12, Attachment D).

Staff Development

Adequate and effective staff training is essential for the Board to meet its mission and mandates. Managers are responsible for meeting with employees to discuss required or recommended training and to identify any additional training the employee may wish to pursue. The Board believes that providing meaningful training opportunities enhances employee performance and improves overall operational efficiency. The Board values its staff and fully supports ongoing efforts to ensure employees remain knowledgeable and able to perform at their highest potential.

The Board utilizes the DCA internal training department, Strategic Organizational Leadership and Individual Development (SOLID) Training and Planning Solutions. SOLID's Learning Management System is used to assign training to staff and pull insightful data on teams' training progress. SOLID's mission is to develop an effective workforce by creating a foundation to drive change, guide learning and achieve DCA's strategic vision. SOLID offers a range of training and services from individual development, workgroup development, leadership development and board development.
Board staff, managers, and executives have continued attending training classes offered by the California Department of Human Resources. These trainings provide opportunities for continuous learning and skill development that are key elements to improving job performance and career advancement.

Over the past four fiscal years, the Board has spent the following on training outside of SOLID:

FY 22-23: $ 6,222
FY 23-24: $ 9,475
FY 24-25: $ 2,891
FY 25-26: $ 4,302

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